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At the crossroads

Jul 24th 2003

From The Economist print edition



Since the fall of the Soviet Union, Central Asia has tried to reinvent itself, so far with mixed success. It is in everyone's interest to help this traditionally turbulent region do better, says Caroline Lambert

WHEN on September 11th 2001 the western world was brutally reminded about Afghanistan, it also had its memory jogged about Central Asia. In the 1980s, the Afghan *mujahideen* resisting Soviet occupation had received generous American support. But in 1989, when Russian troops packed their bags and went home, American interest in Afghanistan waned. Once the Central Asian countries had become independent from the former Soviet Union in 1991, America concentrated its attention in the region on Soviet nuclear leftovers, the decommissioning of which it hailed as a great success. When the Taliban took over in 1996, the Americans did not seem overly concerned that the bearded rulers and their al-Qaeda friends were supporting radical Islamic groups in Central Asia.

It was not until the terrorist attacks on New York and Washington that the superpower rediscovered Afghanistan and the wider region. Central Asian countries, worried about their southern neighbour and trying to fight their own brand of terrorism, were eager to help sort out the Afghan mess. Kirgizstan and Uzbekistan gave permission for American military bases on their soil. Kazakhstan and Tajikistan allowed American planes to fly over their territory. Only Turkmenistan maintained a studied neutrality. All Central Asian countries also played a key role in delivering humanitarian aid to Afghanistan. Overnight, a region that had disappeared from western radar screens found itself in the thick of the battle against terrorism.

A couple of years on from September 11th, the region once again seems in danger of being forgotten. The West, expecting its new Central Asian friends quickly to embrace economic and political reform, has been disappointed by slow progress in some areas and by their disregard for human rights and political freedom. Yet although the world's attention has shifted to Iraq and other members of the "axis of evil", this survey will argue that it would be unwise to let Central Asia slip back into geopolitical oblivion.

Bumpy Silk Road

Central Asia is strategically placed at the crossroads between Europe and China, Russia and Iran. Throughout its history, this has been a both blessing and a curse. Trade between West and East moved through Central Asia along the famed Silk Road, bringing development and prosperity. But the region was also repeatedly invaded by powerful conquerors with imperial ambitions, from the Scythes and Mongols to the Russians.

In Central Asia, the Turkic nomads met up with the Muslim and Persian world. Turkish and Persian cultures and languages blended to form a strong local identity. Even after the Arab conquest, Persian remained the language of local rulers, as Iranian administrators, mullahs and traders settled in the cities of Transoxania (which covered much of today's Uzbekistan, Turkmenistan and Tajikistan), and is the basis of the language spoken by the Tajiks today. The Turks and their language progressively gained influence, however, and Turkish dynasties eventually became the rulers of Transoxania in 999. After many more twists and turns, in the 19th century Russia and Britain vied for influence in the region in what Rudyard Kipling called the "Great Game". The prize they sought was India.

Although Central Asia shares a common history and culture, there are plenty of differences among its constituent parts. Olivier Roy, a Paris-based specialist on Central Asia, points to the cultural split in the region between the nomads from the steppes and mountains, mainly Kirgizs, Kazakhs and Turkmens, and the sedentary, mainly urban Uzbeks and Tajiks who settled in the river basins of Transoxania. This split was responsible for distinct cultural, religious and political identities that survive to this day.

The cultural split, however, ignores borders. Today's Central Asian states were Soviet creations which, before 1991, had no history as separate, independent countries. After decades of Soviet rule and careful manipulation of language and history, they suddenly found themselves independent but without anything much to hold them together. They were also saddled with large ethnic minorities.

That these countries have managed to remain intact and weather the economic, social and political storm following the collapse of the Soviet Union is therefore no small achievement. Tajikistan, torn by civil war for much of the 1990s, has now settled down, and the wave of Islamic terrorism that hit the region a few years ago seems to have receded for the moment.

Since independence, the individual Central Asian states have made different political and economic choices which have meant that the contrasts between them are now quite striking. Kazakhstan and Kirgizstan have embraced noticeably more ambitious economic and political reforms than the rest of the region. Kazakhstan, with its large Russian minority and more developed economy, feels far more European than its neighbours. In terms of natural resources, mainly oil and gas, Kazakhstan's and Turkmenistan's relative wealth contrasts with Kirgizstan's and Tajikistan's poverty.

Although all the countries seem stable for now, the calm is deceptive. Worrying signs of increased authoritarianism and political repression are everywhere. Regional divisions come at a high political and economic cost. Poverty remains pervasive, fuelling social discontent. And drugs from Afghanistan threaten to damage the region's fragile social fabric and undermine the state. But to the outside world, the question of most immediate concern is probably whether Islamic radicalism is likely to revive.



Allah's shadow

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Is radical Islam a threat to Central Asia's stability?

VAZIRA, a young Uzbek woman, expects to spend the next 16 years apart from her husband. He was arrested on his way to a mosque in 2000, accused of being a member of Hizb-ut-Tahrir, an outlawed religious group. To be considered for amnesty, a prisoner has to admit guilt and repent, which her husband will not do. "Why should he ask for their forgiveness when they burn him with cigarettes, beat him up and cover his face with a gas mask so that his screams will not be too loud? They should ask for his forgiveness," Vazira exclaims angrily. Now that the family's breadwinner has gone, she is only just managing to survive. No one will give her a job, she says, because she wears a veil.

Under Soviet rule, Islam had been seen as a threat to communist ideology and political order, but after independence in 1991 it enjoyed a renaissance in Central Asia. Hundreds of mosques and religious schools appeared, encouraged by Turkish, Pakistani and Saudi money and expertise. The shortage of qualified religious scholars was relieved by an influx of foreigners, and many Central Asians went to Arab countries and Turkey to study Islam. Muslim charities stepped in to alleviate economic hardship and shore up crumbling social services.

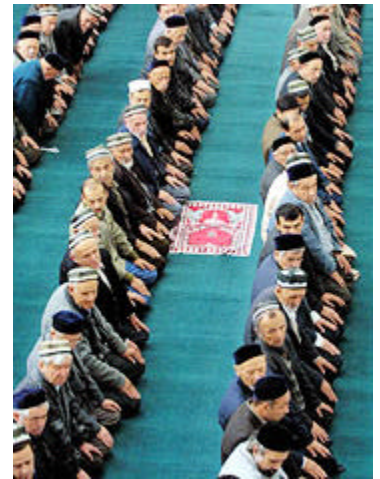
After decades of Russian domination, religion has become part of the search for identity, but Central Asian societies remain largely secular. Although many people say they are believers and follow Muslim traditions, few practise their religion regularly. A 1995 survey found that only one in four declared believers in Kirgizstan (and even fewer in Uzbekistan and Kazakhstan) attended the mosque at least once a month. These figures are unlikely to have changed much since. Another survey in 2000 showed only small numbers favouring *sharia* over secular law.

Islam developed deeper historical roots among the populations that settled in the river basins, mainly Tajiks and Uzbeks, than among the nomadic Kirgizs, Turkmen and Kazakhs, whose attitude towards religion was more relaxed. These differences persist to this day. Radical Islam has found fertile ground in Tajikistan and Uzbekistan, as well as in southern Kirgizstan and Kazakhstan, home to substantial Uzbek minorities. Kazakhstan has a sizeable Russian Orthodox minority that dilutes the influence of Islam.

Say a little prayer

The new independent rulers have been keen to embrace folk Islam. This traditional form of the religion, inspired by Sufism, is anathema to fundamentalists seeking to take Islam back to its roots and purge it of external influences. Most Central Asian heads of state have made a point of visiting Mecca and were sworn into office on the Koran. Muslim festivals have become national holidays.

At the same time those leaders, faithful to their Soviet heritage, tend to look at greater Islamic fervour as a potential threat to national security. The religious revival that followed independence was met with increased control from the new states. Uzbekistan's and Turkmenistan's governments, considered the most authoritarian in



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**Not too much fervour,
please**

the region, have kept Islam on a particularly tight leash. In Uzbekistan, imams and other religious figures are carefully vetted by the state, and Friday sermons have to be authorised. Clerics considered too radical or too independent have been pushed into exile or imprisoned. Mosque attendance is monitored by the security services. In Turkmenistan, administrative measures have been employed to shut down religious schools that were considered too independent, and many Islamic centres that had opened since independence have been forced to close. In 2000, the president ordered the burning of 40,000 copies of the Koran in Turkmen.

The authorities may be over-reacting, but their fears are not without substance. The revival of Islam in the early 1990s did give birth to radical political movements. In Tajikistan, the Islamic Revival Party (IRP), under the leadership of Said Abdullo Nuri, took on the neo-communist government that led the country following independence, and in 1992 the conflict degenerated into civil war. The IRP's leaders and some of its followers fled to Russia and Afghanistan, where they established close contacts with Ahmad Shah Masoud, the commander of the Northern Alliance and an ethnic Tajik.

Secular trends

However, the civil conflict was driven more by regional rivalry than by plans to establish an Islamic state. While in exile, the IRP allied itself with non-religious parties in the United Tajik Opposition (UTO) and chose a nationalist agenda over international *jihad* and the creation of an Islamic state. It was a signatory to a peace agreement in 1997, brokered with Iran's help, that gave the UTO a 30% share in government. This nonetheless reinforced the fears of Tajikistan's neighbours that Taliban-like governments might start springing up all over Central Asia.

Although the power-sharing agreement was never fully implemented, the IRP—still the only legal religious party in the region—has kept its promise to stick to democratic rules. It remains the only sizeable opposition in Tajikistan. Today, the party concentrates on Islam as a source of national identity and culture, compatible with a constitutional and democratic state. Muhiddin Kabiri, the IRP's deputy chairman, represents the modern face of the party. An articulate young lawyer and political scientist, clean-shaven and wearing jeans, he explains that the creation of a theocratic state is not on the party's agenda. He is critical of the increasing concentration of power and of the muzzling of the opposition, but he also stresses that maintaining stability in the country remains the party's priority.

In Uzbekistan, Islamic movements that emerged after independence were quickly suppressed. In 1992 some activists fled to Tajikistan and later set up the Islamic Movement of Uzbekistan (IMU). The IMU established bases in Tajikistan and Afghanistan, receiving support from the UTO and the Taliban, alongside which they fought. A severe clampdown at home caused many followers to leave, and by 2000 there were about 2,000 IMU fighters in Afghanistan.

Unlike the IRP, the IMU chose Islamic internationalism over a purely nationalist agenda. In 1999 and 2000, it launched attacks on Uzbekistan from its foreign bases. The war in Afghanistan in 2001, however, dealt the IMU a near-fatal blow. Its bases in northern Afghanistan were destroyed during a battle around Kunduz, it lost its main sponsor with the demise of the Taliban, and its military commander, Juma Namangani, is believed to be dead. It is thought to have some supporters left scattered around southern Tajikistan and northern Afghanistan, but its days as an effective and well-organised terrorist group seem to be over for now.

There is still life, however, in Hizb-ut-Tahrir (HT), an international movement created in the Middle East in the 1950s, aiming to establish an Islamic caliphate embracing all Muslim countries. Led from Beirut and London, this radical and anti-western movement claims to be non-violent and says it aims to achieve its goals through education. Organised in small cells, it is secretive and seems to concentrate its efforts on distributing leaflets and books. Although outlawed in all Central Asian countries, it is active throughout the region, but particularly in Uzbekistan, northern Tajikistan, southern Kirgizstan and southern Kazakhstan, which host Uzbek minorities. The movement's appeal is now thought to have spread to non-Uzbek ethnic groups as well.

The rise of such Islamic groups has prompted governments all over the region to adopt a tougher stance vis-à-vis extremists and to exercise tighter control over religious activities, but nowhere more so than in Uzbekistan.

The attacks there in 1999 and 2000 were followed by waves of arrests all over the country, which now has about 6,500 political and religious prisoners in its jails. Torture is routinely used, and trials almost always end in convictions.

In July 2002, when it emerged that three prisoners in America's detention centre for terrorists at Guantanamo Bay came from the district of Isfara, in northern Tajikistan, the country's president, Imomali Rakhmonov, accused the IRP of flirting with HT. This was promptly denied, but the authorities in northern Tajikistan took his remarks as a signal to crack down on religious institutions. Mosques were closed, religious schools searched and imams dismissed, even though in principle the government has no legal authority to intervene in such matters. The government now appears to be considering a draft law to formalise the de-facto control it has over religious affairs.

Since the IMU's incursion in 1999, the authorities in Kirgizstan have considered Islamic terrorism a prime security concern. The security forces have lists of suspected HT members, and although mere membership is not an offence, distribution of literature deemed subversive is, and can cost up to five years behind bars—although first offenders usually get away with a fine or a suspended sentence. Sadykjan Makhmudov, a lawyer based in Osh province in the south of the country, who helps people arrested on religious grounds (almost all of whom are Uzbeks), says that evidence is often fabricated, and prison conditions are appalling.

The media and the religious authorities have been enrolled to educate the population about the "true values" of Islam and advocate a moderate approach. According to General Ahmedov Bekzhan, a specialist on religious extremism for the Kirgizstani security services, this has made it more difficult for HT to recruit new members.

Different perceptions of the scale of the terrorist threat, and different responses to it, have created tensions among neighbours. Uzbekistan's security forces have pursued Islamists in Kirgizstan and Tajikistan, and Uzbekistani planes in 1999 bombed areas of both neighbouring countries, killing and injuring civilians. Following the IMU incursions, Uzbekistan planted landmines along segments of its border. Islam Karimov, the country's president, has regularly accused his neighbours of being too lenient with Islamists.

The next Afghanistan?

The threat of terrorism from Islamist extremists is also a powerful argument for Russia, America and China to maintain an interest in the region. The continuing instability in Afghanistan remains an important risk factor for Central Asia. But the spectre of the Talibanisation of the whole region probably never had much substance. Central Asian politics are shaped more by tribal and ethnic allegiances than by ideology, so Islamic movements in the region are likely to remain fragmented. During the civil war in Tajikistan, for example, mullahs from the Kulab region supported the government, whereas former communist apparatchiks from the Garm region overwhelmingly joined the IRP-dominated UTO. Moreover, there seems to be little genuine popular support for setting up Islamic states in the region.

However, the ground for religious extremism remains fertile. Poverty, lack of political freedom, ignorance about Islam that is exploited by ruthless outsiders, and money from the drug trade make up an explosive cocktail. Most of the region's economies have still not fully recovered from the collapse of the Soviet system. Poverty is widespread in all the countries, especially in rural areas, and the gap between rich and poor is widening. For many local politicians, such economic factors, along with natural disasters and border problems, constitute far bigger headaches than Islamic radicalism.

At the same time, increasingly authoritarian governments leave little outlet for discontent, which plays into the hands of radical Islam. "The IMU", says a foreign diplomat, "was a child of Karimov's." In Tajikistan, the IRP remains the only significant opposition, but it has little influence because political power is increasingly concentrated in the president's hands. Mr Kabiri believes that some of its disillusioned members are becoming increasingly receptive to HT's more radical ideas. Many of them now consider the IRP as not Muslim enough, especially given its support for the war in Afghanistan; yet as far as the government is concerned, it remains much too Islamic.

Better religious education and a more open dialogue about Islamic values are also needed if moderate Islam is to overcome radical leanings. Muhammad Sadik, Uzbekistan's former mufti, was allowed to come home in 2001, after eight years in exile, and has been trying to promote his moderate views, which has not endeared him to the HT. He says the rise of extremism stems from ignorance about Islam, fostered by misguided teaching and money from abroad, and the manipulation of religion by people such as Osama bin Laden and Juma Namangani.

Opposition forces in Central Asia, together with human-rights activists, argue that the Islamic threat is being exaggerated to crush all forms of dissent, religious or otherwise. But even those who think that Islamic radicalism and terrorism are real dangers criticise the governments' heavy-handed methods of controlling religion.

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What's the rush?

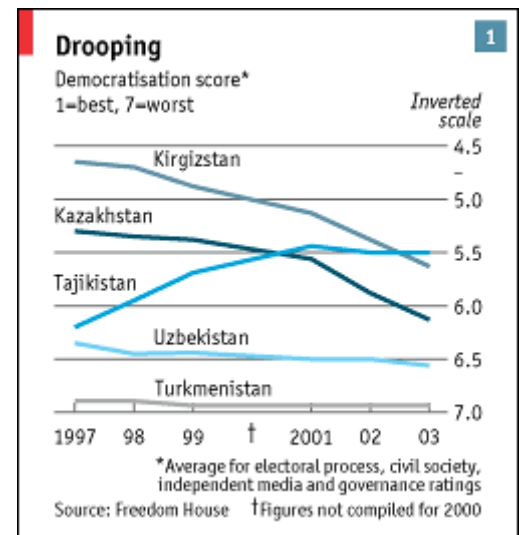
Jul 24th 2003

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More than a decade after independence, democratic reform has made little progress

"POLITICS in Uzbekistan", says a foreign diplomat, "is like a game of tennis. You cannot change the size of the court, the shape of the ball, the racket, the height of the net or the rules of the game. All you can choose is the colour of your shorts." Mr Karimov, Uzbekistan's president, is a big tennis fan, and if their politics are anything to go by, so are the leaders of the other Central Asian countries.

Yet after independence, the Central Asian countries seemed to be embarking on very different political journeys. Kirgizstan and Kazakhstan appeared to go for liberalisation. Only a few years ago, Kirgizstan was known as "the Switzerland of Central Asia"—a reference not only to its topography but also to its political outlook. Uzbekistan, on the other hand, remained something of a dictatorship, and Turkmenistan turned into a Stalinist caricature; its president renamed the months after famous Turkmens, including himself. Tajikistan, meanwhile, descended into civil war.



A decade later, the differences are striking. Uzbeks still sometimes describe their country as an open prison, but travelling from there to Kirgizstan or Kazakhstan the change of atmosphere is palpable: human-rights activists are more vocal and the media more independent. Political opposition in Kazakhstan is probably the most effective in the region. A foreign diplomat based in Almaty says that if you compare Kazakhstan's human-rights and political record and that of some of its neighbours, Kazakhstan comes out way ahead. Yet according to Freedom House, a group that monitors progress in areas such as electoral process, civil society, governance and freedom of the press, Kazakhstan has been sliding even more rapidly than most of its neighbours in recent years and now holds only a middle rank (see chart 1).

Across the region, leaders have extended their terms of office in a series of referendums, and the role of parliaments has been gradually undermined to give more power to the executive. Saparmurad Niyazov, Turkmenistan's president, does not even pretend to any democratic ambitions. In 1994 he called a referendum to extend his presidential term by a further five years, and in 1999 he got himself elected president for life. In Tajikistan, a referendum last month confirmed constitutional amendments that will allow Mr Rakhmonov to stay in power until 2020. So far, no election in the region has been free and fair by the usual democratic criteria.

Meanwhile, the press has become increasingly muzzled, despite a few cosmetic improvements. Uzbekistan recently lifted official censorship, but there is still no independent or opposition press to speak of. In a very unSwiss fashion, Kirgizstan's main independent newspaper, *Moya Stolitsa*, was weighed down with over 30 lawsuits and a heap of fines. After the editor's car mysteriously caught fire, the paper closed down in June.

In Kazakhstan, Sergei Duvanov, a well-known journalist who wrote on human rights and corruption, a few months ago was charged with statutory rape. He is now in jail. Over the past year, several other journalists have been beaten up. Opposition papers, such as *SolDat* and *Assandi Times*, are being subjected to endless lawsuits. Both in Kazakhstan and Kirgizstan, relatives of the president own large chunks of the media.

Martyrs to the cause

Opposition parties throughout the region are also having a hard time, with their politicians being regularly exiled or imprisoned. In Uzbekistan human-rights activists are still sent to jail, where torture is routine. The Turkmenistani opposition movements that emerged after independence were quickly crushed, and now opposition leaders operate from abroad. But even in more liberal Kirgizstan, the main opposition leader, Felix Kulov, is in prison, and the two main leaders of the Democratic Choice of Kazakhstan (DCK), an opposition umbrella group, were jailed last year. One of them was released in May after promising to give up politics. In Tajikistan, one of the leaders of the Islamic Revival Party was arrested in May.

And there are plenty of other ways of harassing the opposition. Emil Aliev, a senior member of Felix Kulov's Ar-Namys party, explains that last January the party had to vacate its offices for the third time because the landlord had come under pressure to terminate the lease. The party has not been able to find any new space, and officials now meet in cafés and rely on their address books and mobile phones. Despite many requests, the party has never been granted permission for a public gathering. Relatives of party members also suffer. Mr Aliev's brothers have lost their jobs, and his wife was fired from the state university. Last year, authorities in Kazakhstan made it harder for parties to register. Of the previous total of 19, only seven qualified. The government said it wanted to filter out parties without a real base, but in practice it seems to be increasing its control.



Protests get you to jail

The opposition parties bear some of the blame for their own weakness. They are often much better at protesting against human-rights abuses and the lack of democratic reform than at putting forward credible alternatives. Their policies tend to be vague. Most of them are rich in principles but have no money. Besides, members of parliament are often elected for their personality or their regional or tribal affiliation rather than for their ideas, a problem reinforced by a system under which only a limited number of seats in parliament is reserved for political parties.

All this means that most conventional opposition parties are flimsy structures with little grassroots support. The main exception is the IRP in Tajikistan which, thanks to its Islamic credentials and its role in the civil war, has access to a network of mosques—and to its supporters' wallets. But even the IRP's popular base is dwindling as people are losing faith that political parties can achieve change. Instead, some are turning to Islamic radicalism.

However, over the past few years a new kind of opposition has been emerging from within the ruling cliques. Nurbulat Masanov, a political scientist who is also member of the DCK's political council, describes it as an opposition of interest, rather than the more traditional opposition of principle. In Kazakhstan, for example, Akezhan Kazhegeldin, who was prime minister in 1994-97, set up the Republican People's Party of Kazakhstan in 1998, and in 1999 was forced into exile, from where he continues to head his party. The DCK was established by a reformist faction within the government in November 2001, triggering a cabinet crisis. The new movement was headed by Galymzhan Zhakiyanov, a former provincial governor, and Mukhtar Ablyazov, a former energy and trade minister, before they were both sent to jail last year. In Kirgizstan, Mr Kulov, now one of the main opposition figures, used to head the state security service and was at one time mayor of Bishkek before being put behind bars in 2000; and in Turkmenistan, Boris Shikhmuradov, a former ambassador to China and once considered a staunch supporter of Mr Niyazov, defected in 2001 and set up his own opposition group in Moscow. Unwisely, he returned last year and was jailed for life.

These people are more dangerous to those in power than the fairly innocuous opposition of principle. Having been in power themselves, they are much more politically savvy. In Kazakhstan they also have money, which buys some media influence, staff, campaign resources and lobbying in Washington and Brussels. Some of them, including Mr Kazhegeldin and Mr Ablyazov, were successful businessmen before going into politics.

But having had a taste of power brings disadvantages as well. In countries where money and power seldom rhyme with honesty and moral rectitude, the authorities usually manage to find enough skeletons in past

incumbents' cupboards to take them to court. A docile and corrupt judicial system tends to ensure the desired outcome. In 2001, Mr Kazhegeldin was sentenced in absentia to ten years in jail for corruption and abuse of power, and Mr Ablyazov and Mr Zhakiyanov were both accused of similar crimes. Mr Kulov was imprisoned on charges of embezzlement during his time as head of the state security service.

Their origins in the ruling elite must also cast some doubt on the new opposition leaders' commitment to the democratic ethos. Their departure from office often had more to do with power struggles or business interests than with their democratic conscience or distaste for corruption.

An alliance between the two kinds of opposition might solve the problems of both groups, by joining human-rights and democratic credentials with money and political skills. But the region's oppositions remain divided. Indeed, in Kazakhstan a group splintered off from the DCK before the movement had even celebrated its first birthday. The main Turkmenistani opposition groups in exile remain divided.

So why are countries in the region stalling, some would say even backtracking, on democratic reform? Some of the setbacks may be more apparent than real. Over the past few years, westerners have become more involved in and better informed about the region, and now realise that they started from over-optimistic assumptions. All the presidents in the region were moulded by the Soviet system, and it would be naive to think that the collapse of the Soviet Union turned these apparatchiks into instant democrats. After independence, some of them adopted more liberal political strategies than others, but their basic philosophy has remained the same: anything or anybody challenging the government is a threat to the regime, and therefore to the country's stability. The civil war in Tajikistan only served to reinforce that view.

Foreign observers seem to believe that the deterioration was due to September 11th, which among many other things made the West more indulgent of illiberal regional habits. This was undoubtedly an aggravating factor, but local journalists and human-rights activists think that the reversal started in the mid-1990s. During the first years of independence, the region's leaders, accustomed to receiving directions from Moscow, were suddenly left on their own with a whole host of new problems, from economic collapse and social protests to a burgeoning opposition and an independent press. They took a few years to learn how to control this new situation. The rise of radical Islam in the late 1990s set off another wave of repression, particularly in Uzbekistan. More recently, the emergence of a stronger opposition from within the system in Kazakhstan and Kirgizstan, together with emerging corruption scandals, seems to have made the regimes even more authoritarian.

What next?

No matter how much power the current leaders have managed to accumulate, eventually they will have to go. Uzbekistan's Mr Karimov is rumoured to have leukaemia. Turkmenistan's Mr Niyazov has a weak heart. Unless they hang on till grim death, it seems probable that the leaders will try to hand-pick their successors, not only to secure their political legacy but also to safeguard their own future. Over the years, political power has become increasingly intertwined with business interests, if not outright corruption. That means the current leaders and their entourages could face legal problems once they step down, which they fear could tarnish their record as first presidents of the newly independent countries.

As things stand, media freedom even in the region's more liberal countries clearly does not extend to corruption in high places. In Kirgizstan, *Moya Stolitsa's* closure appears to be linked to the newspaper's keen interest in the business dealings of the president's son-in-law. In Kazakhstan, Mr Duvanov, the investigative journalist, is believed to have paid the price for writing more articles about corruption than the authorities were prepared to stomach. And media that want to stay in business do not mention an investigation dubbed "Kazakhgate", currently in progress in America to look into payments allegedly made when oil

Reuters



Rakhmonov will stay on, and on

Reuters

contracts were allocated to foreign oil companies. Media that have flouted this rule are facing a raft of lawsuits and tax inspections.

However, the transition to the next generation of leaders could upset the current balance among the ruling elites, thus opening the way for change. Political power in Central Asia rests on regional, clan or tribal solidarity groups, and sometimes business interests. These divisions run deeper than ideological ones. In Kirgizstan, rulers have traditionally come from the north, which has caused growing resentment in the south. Kazakhstan is divided into three hordes (clans with distinct geographical bases), and in Turkmenistan tribalism is strong. In Uzbekistan, the ruling elite is made up of a variety of conflicting clans and interest groups, but Mr Karimov has skilfully managed to keep them all within the system, and no one from this heterogeneous group has crossed over to the opposition.

The consequences of unchecked regional rivalry have been painfully apparent in Tajikistan, where the civil war was fought mainly on regional rather than ideological grounds. The country was long ruled by the northern Khodjentis, in alliance with the southern Kulabis. In the civil war, the Kulabis fought against the central Gharm and the eastern Pamir regions. The post-war settlement amounted to a power-sharing agreement between people from Kulab—the president's home region—and the Gharmis, leaving the northern region out of the loop. This has caused resentment in the north, which despite its traditionally secular outlook has become an opposition stronghold.

Transition to a new set of leaders could therefore cause the ruling elite to fragment as new factions gain the upper hand. If the opposition becomes stronger, another possible scenario is the choice of a compromise successor acceptable to both the outgoing president and the opposition, in an arrangement sweetened with some form of amnesty. Such a transition period might then lead to genuine elections further down the line. The most likely outcome, however, is a "Putin scenario", in which presidents will groom compliant successors so they can retreat into happy retirement, leaving the political system largely unchanged.

How long will the transition to a genuine democratic system take? Probably longer than seems reasonable. As a foreign diplomat put it, "The calendar we have in mind for a transition is having to be adjusted. This will take at least 10-15 years."



Niyazov goes for gold



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Hanging separately

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The heavy costs of non-co-operation

IN KARA SU, a Kirgizstani market town on the border with Uzbekistan, the small bridge that used to connect both countries stops in mid-air half-way across. Last January, Uzbekistan's authorities decided to close the border and simply dismantled their side of the bridge. The idea was to stem the spread of imaginary diseases from Kirgizstan while keeping subsidised petrol and fertilisers inside Uzbekistan. Another reason was to keep out cheap Chinese imports, from flip-flops to cooking pots, the sorts of things that are freely available in the Kara Su bazaar.

However, the severing of the bridge has not stopped cross-border trade. A market trader, who reckons he has lost 40% of his business since the border was closed, says his customers from Uzbekistan are back, crossing illegally by boat or on makeshift bridges. The big pile of Uzbek currency notes he holds in his hands confirms his story. A group of women carrying heavy bundles carefully step across the wooden planks that the Uzbekistani border guards have laid over the missing portion of the bridge. Once the women are on the other side, the planks disappear. The petrol containers from Uzbekistan that line the roads of southern Kirgizstan leave little doubt that smuggling continues.

The days when borders existed only on paper are long gone. Without a Soviet referee to adjudicate, tensions among Central Asian countries have come out into the open. Uzbekistan has landmined stretches of its borders with Kirgizstan and Tajikistan to try to stop Islamists and drugs, and occasionally closes all its borders. Trade barriers have been raised all over the region. One of the most contentious regional issues is water, and how to share it. Djoomart Otorbaev, Kirgizstan's deputy prime minister, says that after Islamic fundamentalism, tensions over water and energy constitute the biggest threat to stability in the region.

Bordering insanity

The human, political and economic costs of these regional divisions are high. The people of Razjezd, a village in Batken province in southern Kirgizstan, are only too aware of it. The next village, a few hundred metres away, is in Uzbekistan, and the border runs across the fields in-between. The two communities are close: the Uzbek neighbours come to pray in Razjezd's mosque and send their children to its school, the closest for them. When Razjezd secured a steady supply of clean drinking water with help from a UN programme, it extended the pipe to the Uzbek village, which in exchange stretched its gas-supply pipe the other way.

But now Razjezd villagers are wary about walking across the fields to the other side because they get fined by Uzbekistani border guards. Unfortunately, cows and sheep, oblivious to borders, regularly wander over to the other side, to the dismay of the villagers. "If your cow crosses over, it becomes an Uzbek cow, unless you can pay the 30,000 sum (\$30) fine or bribe your way out of it," explains one villager. Another resident now has trouble visiting his father and brother, whose house is only 300 metres from his, but on the other side of the border. He could use an official border post a few kilometres away, but the border formalities can take hours, and he may not be allowed to cross at all. Soon he may have no choice: a fence is being built across the open fields to mark the border.

Such barriers, besides complicating the daily life of villagers, also carry a high economic cost. Naken Kasiev, the

governor of Osh province in southern Kirgizstan, estimates that legal exports from the area have plunged by 50% since Uzbekistan started imposing trade restrictions last year. He lists border tensions among the top problems for his province. The population has suffered badly, he adds, although the borders have failed to put an end to trade: smuggling—and the associated petty corruption—is flourishing.



Awkward neighbours

The economic costs affect not only the border areas, but the whole region's economy and development. Trade barriers and border closures have been particularly onerous for Tajikistan and Kirgizstan, whose exports have to travel through Uzbekistan and Kazakhstan to reach Russia and Europe. Corruption and extortion at border posts and along the roads add to the problem.

The new emphasis on borders also breaks up a market of 57m customers, making it less attractive to foreign investors—except in the oil, gas or gold business. Tajikistan and Kirgizstan, which are small, poor, remote, mountainous and landlocked, are struggling to convince western businesspeople that they are worth investing in. They might find it easier if they could offer access to, say, the 25m people living in Uzbekistan. That was the idea behind setting up a bottled-water plant in northern Tajikistan, designed to serve the neighbouring market as well. But border closures and trade barriers have left it high and dry.

A wicked waste of water

Squabbles over water and power also carry a high economic price. There would be no shortage of water in Central Asia if it were properly managed. The Amu Darya and the Syr Darya, the region's two main rivers, spring from the Pamir and Tian Shan mountains, cross several countries along their course, each well over 2,000km (1,250 miles) long, and eventually flow into the Aral Sea, a huge lake. Water is essential for this arid region, not only for people but above all for agriculture: irrigation gulps up over 90% of the available water. The irrigation networks are old and inefficient, however, so half the water never reaches the fields. Farmers, used to getting their water free, over-water their crops, which brings salt to the surface. To aggravate matters, the dominant crop is cotton, which is particularly thirsty.

So as rivers travel down the region and water gets diverted for irrigation, their flow gradually turns into a trickle. By the time they reach the Aral Sea, which straddles Uzbekistan and Kazakhstan, there is no water left. The surface area of the Aral has shrunk to less than half its size in 1960, the volume of water has dropped by three-quarters, and salinity is four times what it used to be. This has created ecological as well as economic devastation in the surrounding area.

Things are likely to get worse. Every Central Asian country except Kazakhstan is planning a big expansion in irrigated areas to feed growing populations, and will therefore need more water. And Afghanistan, which has recently been too busy with the war and its aftermath to claim the 8% of the Amu Darya waters to which it is entitled, will start doing so once its agriculture gets going again.

After independence, the countries in the region set up an Interstate Commission on Water Co-ordination (ICWC) for the joint management of water resources. In a byzantine system much like that used in Soviet times, members meet every year to agree on the way water resources are to be shared in the year ahead. The currency used is electricity and the mode of exchange barter. Every year, the downstream countries agree with the upstream ones, mainly on a bilateral basis, on the amount of hydro power they will buy from them during the summer months, when water is released. In the winter, power travels the other way—in the form of gas, coal or electricity—and prices are set to make the barter transaction balance.

Reuters



At the bottom of the Aral Sea

Sadly, no one is happy with the arrangements. Some 80% of the water that flows into the Aral Sea basin comes from Tajikistan and Kirgizstan, yet these countries are allowed to withdraw less than 15% of the water and have to restrict their generation of hydro power in the winter so they can store water for the summer. They also complain that they get no financial help from downstream countries to operate and maintain dams and reservoirs that benefit the whole region. Downstream countries, on the other hand, think they are being overcharged for hydro power that they could do without.

Not surprisingly, agreements and water quotas are often flouted. Over the past few years, Kirgizstan has repeatedly released more water from its Toktogul reservoir than was agreed to generate electricity, flooding Uzbekistan and Kazakhstan in winter and risking a shortage of water for irrigation in the summer. Uzbekistan has cut off electricity and gas supplies to its upstream neighbours several times.

Unable to make an integrated power market work, all the countries in the region now aim to generate enough power and retain enough water for their own needs, which makes no economic sense. Uzbekistan and Kazakhstan are thinking of building reservoirs to store water released by Kirgizstan in the winter to prevent flooding. The government in Tajikistan would dearly love to build two new dams, connect the grids in the north and south of the country (which are separated by mountains) and even export power south of the border. Kirgizstan also has dreams about hydro power, giving the downstream countries nightmares. But neither country is likely to be able to find the money.

Built-in rivalry

With so much to be gained by working together, why are Central Asian countries so divided? The Soviet legacy has a lot to do with it. The borders of today's Central Asian republics were drawn in the 1920s, with political and strategic considerations in mind. According to Mr Roy, the Central Asian specialist in Paris, the Soviet regime was anxious to destroy the pan-Islamic and pan-Turkish ideology promoted by Central Asian intellectuals in the early 20th century so it could introduce bolshevism more easily. It therefore cut up a multi-ethnic empire into separate pieces to bring together supposedly "national" groups defined mainly by language.

Before Soviet rule, identity and solidarity in Central Asia were largely based on tribe, clan, geography and even

profession rather than on ethnic groups, which did not readily fit with geographical or linguistic divisions. As a result, all the new republics were saddled with large minorities. The creation of enclaves further complicated the picture. For example, Sokh, an enclave administered by Uzbekistan, is in Kirgizstan but its people are Tajiks. When the republics became independent in 1991, with little warning, the new countries felt they had to exaggerate their differences to justify their continued existence.

Regional tensions have been further exacerbated by the different ways the various Central Asian countries have dealt with the post-Soviet transition. Kirgizstan and Kazakhstan have embraced more radical market reforms than Uzbekistan and Turkmenistan, and Tajikistan is still trying to pick up the pieces after its disastrous civil war. Kirgizstan has been a member of the World Trade Organisation since 1998, but, says Mr Otorbaev, the deputy prime minister, membership has not brought real economic benefits because most of the neighbours are still outside. Kirgizstan is now trying to market itself as a gateway to China, but its Central Asian neighbours see it as a Trojan horse for Chinese exports.

There are also big differences in the way the Central Asian countries perceive the outside world. Uzbekistan seems to see nothing but threats which it has to face on its own: Afghan terrorism and drugs, Russian attempts to regain some of its lost influence in the region, and low-quality imports that hurt its domestic industry. It criticises its neighbours for not doing enough to deal with radical Islam, and resorts to border closures and the use of landmines. By contrast, a small and poor country such as Kirgizstan has to see the outside world as an opportunity rather than a threat because it is unable to retreat inside its borders.

All Central Asian countries except Turkmenistan (which has declared itself neutral) have embraced the United States as an important ally, but most still consider Russia as a strategic partner as well, except Uzbekistan, which has adopted a much more cautious stance towards its former master. The rivalry between Uzbekistan (the most populous) and Kazakhstan (the largest) adds another layer of complication, as does the contempt in which the region's presidents are said to hold each other.

Regional co-operation in Central Asia has been, in the words of a foreign diplomat, "an abject failure". Until there is sufficient political will in the countries concerned to work together, outsiders will not be able to persuade them to do so. For example, a great deal of foreign money and effort has been poured into sorting out the region's water supplies over the past decade without much to show for it.

There are, however, a few hopeful signs. Kazakhstan has recently agreed to start paying Kirgizstan for the maintenance of dams and reservoirs on the Chuy river. This may set a precedent for similar agreements on the Amu Darya and the Syr Darya, although Uzbekistan remains opposed to anything of the sort. At the local level, water-user associations responsible for the management and maintenance of irrigation canals have been set up with foreign help. These associations also collect fees from farmers for this service, a first for the region. Similar structures have been set up for drinking water. All this is helpful, but much more work will be needed to weave such initiatives into a coherent whole. And ultimately it is Uzbekistan that holds the key to regional co-operation, whether over water, trade or borders.



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PRINT EDITION
SURVEY

Cottoning on

Jul 24th 2003

From The Economist print edition

But Central Asia's economies still have a long way to go

EVERY year, hundreds of thousands of migrant workers from Kirgizstan and Tajikistan make their way to richer Kazakhstan and Russia to find jobs in construction or farming. In Khoji-Bogh, a mountain village in northern Tajikistan, eight out of ten villagers make the trip every spring. The \$1,000 they can earn during the season is more than they could ever hope to make at home. Besides covering basic necessities, it sometimes pays for a son's wedding or a new roof. But for all their hard work, some migrants come back empty-handed. Most travel by road or train, carrying their money in cash, and robberies are common. Fortunately, electronic money transfer is becoming more widely available, and the government has abolished a tax on money transfers.

After the collapse of the Soviet Union the whole region got much poorer, but Kirgizstan and Tajikistan are much the worst off. According to a UNDP study, the proportion of poor people in Kirgizstan jumped from a third on the eve of independence to over 55% in 1999 before dropping to just under half in 2001. In Tajikistan, the poorest of the countries that used to make up the Soviet Union, more than 80% of the population fall below the official poverty line, and 17% live on less than \$1 a day. According to the World Bank, the average wage covers only one-third of the minimum needed to survive. One child in three is chronically malnourished.

Even in Kazakhstan, the richest country in the region, nearly one person in four lives below the poverty line—though that is an improvement on 1996, when the figure was one in three. And such averages hide huge disparities not only between urban and rural areas, but also among regions. In Mangystau province, which borders the Caspian sea, over 95% of the rural population live in poverty, whereas in Astana, the capital, only 2% of the residents lack basic necessities.

The shock of independence

In economic terms, the collapse of the Soviet Union was a disaster for the region. Central Asia's industry, geared towards supplying other parts of the Soviet Union, had been shielded from international competition, and poor Tajikistan and Kirgizstan had been heavily subsidised from Moscow, to the tune of \$1 billion a year. After independence, GDP throughout the region plummeted and has yet to recover to its pre-independence level, except in Uzbekistan and Turkmenistan (see chart 3). At the same time the quality of state-provided social services, one of the few bright spots of the Soviet system, deteriorated dramatically.

One of the reasons for the region's uneven economic fortunes is the skewed distribution of natural resources across it. Whereas Kazakhstan and Turkmenistan have significant oil and gas reserves, Tajikistan and Kirgizstan are small, mountainous countries with little more than a sprinkling of gold and lots of water. Uzbekistan has enough gas for its own consumption, as well as reasonable mineral wealth.

The way the individual governments tackled the economic transition has also made a difference to their people's material well-being. Kazakhstan and Kirgizstan embraced more ambitious market reforms and faster liberalisation than the rest. Kirgizstan was the first country in the region to introduce a new currency in 1993 and to become a member of the WTO in 1998. Uzbekistan adopted what it called a more gradual approach to avoid social upheaval, but in practice this has meant very timid reforms or even backtracking on earlier advances. Turkmenistan's gas wealth has allowed it to avoid reform of any kind, and Tajikistan is still recovering

from a civil war that added another layer of hardship, killing up to 100,000 people, making 700,000 homeless and wrecking its infrastructure.

A mountain to climb						
Country	Life expectancy, years, 2001-05	Infant mortality rate per 1,000 births, 2000-05	Motor vehicles per 1,000 population, 2000	Telephones per 1,000 pop., 2001		Televisions per 1,000 pop., 2000
				Main line	Mobile	
Kazakhstan	63.0	52	86	113*	36	241
Kirgizstan	64.1	37	39	78	5	49
Tajikistan	63.3	50	–	36	0	326
Turkmenistan	62.5	49	–	80	2*	196
Uzbekistan	65.5	37	–	66	3	276
Russia	65.2	16	153	243	38	421

Sources: World Health Organisation; United Nations; World Bank; International Telecommunication Union

*2000

By now, all the countries in the region are achieving respectable levels of economic growth and keeping inflation under control. But there is a huge gap in performance between the oil- and gas-producing countries—whose GDP has been growing at a lusty 10% or more over the past few years—and their resource-poor neighbours. Kazakhstan's new wealth is on display in Almaty, its largest city, with its Cartier and Armani shops and its elegant business crowd. The new capital, Astana, is a Legoland of glass and steel buildings erected in the middle of the empty northern steppes. In Turkmenistan, gas wealth has gone into marble palaces for the president, leaving the rest of the population little better off. Tajikistan and Kirgizstan, saddled with foreign debt and dependent on foreign aid, have no money for anything.

But whether poor or not so poor, most countries in the region have lopsided economies that rely heavily on one sector. In Kazakhstan, oil and gas made up over a quarter of GDP as well as of government revenues in 2001, and over half of all foreign investment has been in the energy sector. Oil production has more than doubled since 1996 and will keep on rising as new oil fields come on stream. To guard against the risk that oil revenues will push up the exchange rate, thus crippling other parts of the economy, the government has created a national fund which now contains over \$2 billion of oil money. Kirgizstan's much smaller economy is heavily dependent on gold from the Kumtor mine, which makes up about 40% of the country's industrial production. In Tajikistan, 70% of export revenues depend on the enormous Tadaz aluminium smelter and on cotton production. Cotton also makes up 27% of exports from Uzbekistan.

To help diversify the economy and create badly needed jobs, governments throughout the region are keen to promote small and medium-sized businesses, which in the past have faced numerous bureaucratic hurdles. The sorry state of the banking sector and lack of access to money have also caused problems, except in Kazakhstan, which is considered to have the best financial sector in the former Soviet Union. Small and medium-sized companies (SMEs) in Uzbekistan surveyed by the International Finance Corporation, part of the World Bank group, reported that they had to endure an average of 6.5 inspections in a single year, each lasting an average of two days. Some suffered as many as 40. Taxation was also felt to be too heavy, as well as too complicated. On average, SMEs pay 23% of their gross revenues in taxes, and many admit to cheating.

Even in Kazakhstan, which together with Kirgizstan has made the most progress on reform, life for SMEs remains difficult, and managers spend an inordinate proportion of their time dealing with government regulations and bureaucratic requirements. According to the Pragma Corporation, a consulting firm financed by USAID, their main problem has been the endless succession of inspections. Often these turn into an organised shake-down.

The Kazakhstani government has declared a temporary moratorium on non-essential inspections, and has been getting tough with greedy inspectors, which resulted in a reported drop of

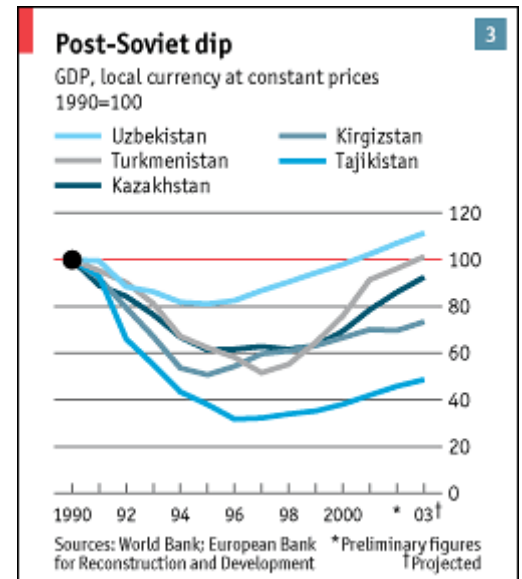


Still waiting for a better life

40% in the number of inspections in the first quarter after the moratorium started in January. And as in Kirgizstan, business associations are pushing for reform. Uzbekistan has introduced an inspection registration book and set up a department for the protection of entrepreneurs' rights. Many SMEs, however, do not even know that the rules have changed, which suggests that a lot more needs to be done to keep them informed.

In Uzbekistan, the chosen method of supporting SMEs has also been protection and control, mainly in the form of promoting import substitution in the hope of boosting local industries. Over the past year, small cross-border traders have been slowly shut out by higher tariffs and new bureaucratic requirements, presented as measures to reduce smuggling and stop poor-quality imports from China. Many small-scale importers and exporters have gone underground and others have been squeezed out of business. In markets around the country, prices have gone up, and fewer goods and less choice are causing growing discontent.

Uzbekistan still operates a dual exchange-rate system, despite repeated promises to abolish it. Although the authorities have recently eased up a little, many businesses still find it difficult to obtain foreign currencies by the official route, so the black market has been thriving. Besides, the official rate is set too high, discouraging exports. Of the 1,500 SMEs surveyed by the IFC, only 1% were engaged in foreign trade. The government's grip on foreign exchange allows it to boost sectors that it considers important and keep a lid on imports at the same time. The gap between the official and kerb rates has also been a bounty for those who are able to buy foreign currency at the official rate. But in the past few months it has narrowed to next to nothing as the clampdown on imports has gripped.



It's a jungle

Foreign investors too have had a hard time in Uzbekistan. Lured by the size of the market—25m, over 40% of the population of Central Asia—and a promising economic outlook, in the mid-1990s a number of foreign companies were keen to get a foothold in the country. Some managed to negotiate special currency arrangements, but others are sitting on piles of local currency which they cannot convert or repatriate. Making sense of the maze of conflicting regulations and dealing with the bureaucracy is also a challenge. "When you walk into the jungle," says a frustrated foreign businessman, "you create a path that others can follow. In Uzbekistan, there is never any path." He is packing his bags and going home. "You know that the real market economy has come when McDonald's moves in," says another foreign entrepreneur. "Do you see one anywhere around here?" A foreign diplomat is equally critical. "Heaven and hell are in Uzbekistan," he says. "If you read the local newspapers, it feels like heaven, but if you try to set up a joint venture, you're in hell."

But another businessman takes a more positive view. "It is hard and often discouraging to work here, but although backtracking from authorities is part of daily business life, things are slowly changing. And once the straitjacket gets a bit looser, there will be so many opportunities. One just needs a long-term view and a good dose of optimism and persistence."

Official changes of tack are not helping. After a promising start on privatisation, the government seemed to row back by giving a veto to the state's minority holdings and issuing new shares to the state to dilute private holdings. Last year, it decided to renationalise small privatised companies that had changed the nature of their business. In January, however, it abolished the veto power and announced it was ready to sell its remaining 25% holding in most privatised companies, except in strategic sectors—though no one seems sure what "strategic" means.

Competition within the elite—between powerful clans, or between reformers and supporters of the status quo—also helps to explain the inconsistencies of economic policy. Perhaps most important, there is a lack of understanding of how a market economy works. "Karimov thinks he is an economist," explains a foreign diplomat, "and by Soviet standards he is. But what he practices is voodoo, not economics."

A weak legal system and corruption, pervasive at all levels throughout the region, further discourage foreign investment. Transparency International, a corruption watchdog, gives Kazakhstan and Uzbekistan a poor score in its perceived-corruption rankings (Central Asia's other three have not been rated). Kazakhstan's oil wealth has been particularly tempting. In the "Kazakhgate" scandal, hefty payments are said to have been made into Swiss bank accounts for the benefit of top Kazakhstani politicians. NGOs have been campaigning for oil companies to declare such payments to governments. Evgeny Zhovtis, a human-rights activist in Kazakhstan, is not surprised. "If you create a family with the market economy as the mother and communist management style as the father, the only child will be a criminal and corrupt state," he declares.

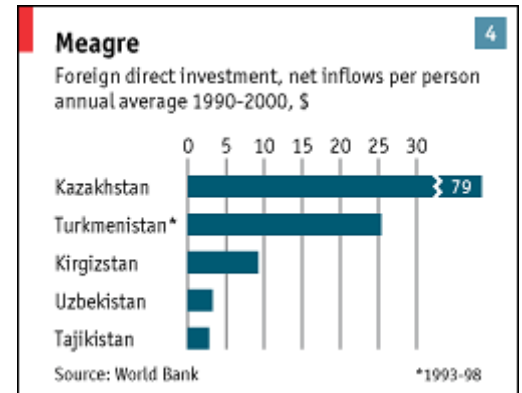
In a region where most of the population lives in the countryside, efforts to root out poverty have to involve agriculture, so the sector is politically more important than its economic weight would suggest. Land reform has moved at different speeds in different parts of the region, and has resulted in an increase in food crops. But cotton remains the most important crop in the region, particularly in Uzbekistan, the world's largest exporter after America.

Farmers are under pressure to continue planting this cash crop, and the government keeps a tight grip on marketing. The state provides farmers with seeds, tractors and fertilisers. It then buys the cotton from them at less than half the market price, processes it in state-owned mills and sells it at full price in the international market. The mark-up feeds state coffers and lines the pockets of officials, so reform is difficult. In the Fergana

Valley, both on the Uzbek and Tajik side, in practice not much has changed since Soviet times: there is still a quantitative target for the amount of cotton to be produced, and students and local civil servants are still sent into the cotton fields every autumn to pick the crop. An Uzbek law professor, who dodged his picking duties last season, explains the absurdity of the process. "The picking dates are decided by the administration," he says, "so even when there is no more cotton to be picked, we are still sent to the fields until the season is officially over."

This year, however, a new system was introduced in Uzbekistan that will allow cotton farmers to sell half their production without going through the official system. Under a World Bank project, a few foreign traders are also allowed to buy and sell direct. Dagrís, a French company, has set up a joint venture with some local authorities in which it holds the majority. Unlike the government, it pays cash, which has given the cotton farmers much more flexibility. Last year one of the farms bought a van, something previously unheard of in the area, and cotton growers are now lining up to work with the joint venture.

Whichever way it is done, reducing poverty is seen as vital to stability in the region, and international finance institutions, from the World Bank to the European Bank for Reconstruction and Development, have been pushing for faster economic reform. They have been disappointed several times by false starts in Uzbekistan, and, apart from the Asian Development Bank, have mostly given up on Turkmenistan. Governments, however, point out that it took western countries a lot longer than a decade to build their own market economies, and that they did not have to manage the transition from the Soviet system. Djoomart Otorbaev, Kirgizstan's deputy prime minister, says the first leader to understand the difficulties of transition was Moses, who spent 40 years in the desert and faced strong resistance from his own people. "But we don't have 40 years," he adds with a smile.



The New York Times

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PRINT EDITION
SURVEY

The Afghan plague

Jul 24th 2003

From The Economist print edition



The rising tide of heroin feeds social ills and undermines the state

IN OSH, in southern Kirgizstan, it takes all of \$1, and 20 minutes, to get a fix of heroin. According to Podruga, a local NGO that tries to help sex-workers protect themselves against HIV/AIDS, there is a well-organised network of dealers in town, sometimes involving both parents and children of the same family, or women with no other means of income. Podruga volunteers distribute condoms and exchange dirty needles for clean ones, but little help is available for those who want to come off drugs. Treatment remains beyond the means of most people, and users are often treated as criminals. Osh province alone has an estimated 15,000 drug users, and numbers have been growing fast. Prostitution is also on the rise. Podruga's youngest protégée is only 11 years old.

The number of drug users in Central Asia as a whole is thought to be close to 400,000, having increased sixfold in the 1990s, one of the highest growth rates in the world, according to the UN. Almost 1% of the population over 15 use opiates, three times more than in western Europe. Most addicts are hooked on heroin and use needles. HIV/AIDS, which remains largely unmeasured, is believed to be spreading uncontrollably. Addiction has also been feeding petty crime and prostitution across the region.

From Afghanistan, with love

Central Asia has become a main transit route for opium and heroin from Afghanistan to the streets of Europe. The UN reckons that about a quarter of all heroin coming out of Afghanistan passes through the region. Traditionally, Afghan opium was trafficked through Pakistan and Iran. Both countries remain important export routes, but a northern alternative via Central Asia developed rapidly in the early 1990s, partly because of Pakistan's and Iran's efforts to crack down on the traffic and partly because Russian border guards were withdrawn from most of the region when the Soviet Union collapsed. The civil war in Tajikistan in 1992-97 was also good for the drugs trade.

The Taliban had clamped down on poppy growing with an iron fist, and banned it completely in 2000. Production collapsed from its peak of over 4,500 tonnes in 1999 to 185 tonnes in 2001. However, the ban did not cover trade, and opiates kept on flowing into Central Asia. After the demise of the Taliban, poppies reappeared with a vengeance, in spite of a fresh ban issued by Hamid Karzai's government. According to UN estimates, production increased to 3,400 tonnes in 2002. Afghanistan once again dominates world production of opium, with almost three-quarters of the total.

For many Afghans living in rural areas, producing opium is the only way to survive. Before the 2000 ban, prices had slumped to \$35 a kilo, or \$1,100 a hectare, an income close to that for legal crops; but since then prices have risen again, making poppies correspondingly more attractive. At the end of 2002, farmers could get \$540 a kilo, or over \$16,000 a hectare, which no other crop could rival. Last year, opium production in Afghanistan generated up to \$1.2 billion, or almost 20% of GDP.

Neighbours also profited from the windfall: criminal groups from Central Asia, says the UN, made profits of \$2.2 billion from the trafficking of opiates in 2002, equivalent to 7% of the region's GDP. Tajikistan is by far the worst affected by the drug plague, thanks to a combination of history, poverty and geography. During the civil war, drugs were a valuable source of cash for buying weapons. Although the conflict officially ended in 1997, warlords and officials continued to draw on this source of income. In the late 1990s, the drugs trade was believed to be a source of finance for the Islamic Movement of Uzbekistan, a terrorist group which had bases in Afghanistan and Tajikistan. After the war in Afghanistan, the IMU lost most of its influence, but the drugs trade continues, with organised criminals taking the place of political or religious activists.

Trafficking can be very tempting for people who are poor, and eight in ten Tajikistanis are. In a survey conducted by the Open Society Institute, eight out of ten of those polled said, hardly surprisingly, that the main reason to turn to drug trafficking was to make big money. Geography also contributes to Tajikistan's drugs problem: at 1,400km, the country's border with Afghanistan is longer than its Central Asian neighbours', and commensurately more difficult to guard. Afghanistan's north-eastern province of Badakhshan, an important poppy-growing area, is close to the border with Tajikistan. From there, most narcotics move to Uzbekistan and Kirgizstan (where Osh has become a hub of trafficking) before continuing to Kazakhstan and onwards to Russia.

The nature of the traffic is changing. Before being shipped out of Afghanistan, opium is increasingly being processed into heroin, which has a much higher value and is easier to conceal and move around. Traffickers have also learnt to move it in smaller and more frequent shipments.

Heroin first appeared in Central Asia in the early 1990s. Last year, close to five tonnes were seized, and the amount actually getting through is probably 10-20 times bigger. The quality is getting better, too. In 2001 unhappy Russian customers returned some heroin to Afghanistan, but last year the buyers must have been content: the value of heroin being trafficked through Central Asia at least trebled.

A little help from our friends

Regional price variations in Afghanistan are disappearing, which means that the opium trade, once fragmented, may be on its way to becoming a single integrated market. In Central Asia, criminal networks are believed to be getting help from high-level officials in the security forces and in the government, and weak banking systems make it easy to launder money.

The problem is particularly acute in Tajikistan, where the state structures remain fragile after the civil war and business opportunities are limited. As Shirin Akiner, an academic who specialises in Central Asia, observes: "In the past, prospective Tajik leaders lobbied Moscow for backing. Today, it is the criminal world within Tajikistan that provides support for would-be political actors." The International Crisis Group (ICG), a think-tank, reported that Tajikistan's former ambassador to Kazakhstan was twice caught with drugs, on the second occasion with 62kg of heroin and a large stash of money, before being expelled. The country's trade representative was caught



Plenty more where that came from

with 24kg of heroin.

But Tajikistan's president, Mr Rakhmonov, appears committed to fighting the plague, and seizures of opiates are on the rise, reflecting not only increased traffic but also better law enforcement. With foreign money and help from the UN, a drugs-control agency to consolidate all anti-drugs activities was set up under the direct control of the president in 1999, a model that has now been introduced in neighbouring Kirgizstan as well. Border guards are better equipped and trained to deal with drug trafficking. Cross-border co-operation between law-enforcement agencies is also improving, especially between Kirgizstan and Tajikistan. But the bigger number of checkpoints staffed by underpaid officials also provides more opportunities to extort money from drivers.

Penalties for drug trafficking are stiff. In Tajikistan, the legal arsenal includes prison sentences of 15-20 years as well as the death penalty. According to the ICG, during a visit to Khatlon province near the Afghan border last year, Mr Rakhmonov threatened to deport entire villages if even one resident was caught smuggling drugs. In April 1998, Kirgizstan became the first country in the region to adopt a comprehensive drugs law, including the death penalty for large-scale trafficking. A draft law on money laundering has been prepared. Harsh punishments alone, however, are unlikely to stop the traffic, as Iran's example shows. Penalties for dealers there include execution, but the drugs trade continues.

Besides, only the small fish seem to get caught. In April, in one of the largest catches this year in Kirgizstan, a lorry driver heading back from Tajikistan was caught with large amounts of opium and heroin hidden in his fuel tank, but he was arrested before making his delivery, so the trail was lost. Increasingly, women and children are used as couriers because they attract lower penalties. The people who pull the strings are rarely caught. The immunity granted to members of parliament and diplomats does not help, nor do endemic corruption and weak courts.

Even if the law could be enforced effectively, the poverty that tempts so many to turn to drug-dealing in the first place still needs to be tackled. Foreign money can help. In Gorno-Badakhshan in Tajikistan, the Aga Khan Development Network's assistance programmes, which are conditional upon a fall-off in narco-business, have led to a considerable improvement. The UN and other donors are helping the governments in the region to fight drug-trafficking. But the treatment and prevention of addiction still needs far more attention and resources.

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**Economist.com****PRINT EDITION
SURVEY**

Your move

Jul 24th 2003

From The Economist print edition

The best hope of a stable Central Asia lies with the leaders of the region itself

CENTRAL ASIA has come a long way since independence, but it is still facing serious security problems. This is partly because it lives in a tough neighbourhood. Even with the Taliban gone, Afghanistan is likely to remain a source of worry and a destabilising force in the region for the foreseeable future.

The Soviet heritage is also partly to blame. The dislocation created by a difficult transition from socialism to a market economy has swelled the ranks of the poor; and arbitrary borders, the destruction of a common identity and unbalanced water management have fostered regional divisions.

America, Russia and China have all been keen to boost the region's security system, which collapsed with the Soviet Union and has not been replaced. Regional security treaties have been signed, but none seems to offer much comfort. The Central Asian countries have failed to back their promises with resources. The collective security treaty of the Commonwealth of Independent States (CIS) covers only part of the region and has proved fairly ineffective. Still, an anti-terrorist centre and a rapid-deployment force of sorts have been set up, and joint military exercises are conducted regularly. In April, members met in Dushanbe to strengthen the treaty, but not much is likely to happen. The Shanghai Co-operation Organisation, made up of China, Russia and the Central Asian countries except Turkmenistan, was set up to deal with border issues, but has recently concentrated on anti-terrorist measures.

Regional tensions, uneven military capabilities and different perceptions of security threats—and how to deal with them—have undermined attempts to rebuild collective security. Nor does it help that Central Asian foreign-policy priorities are at odds. Uzbekistan has been wary of what it sees as Russia's attempts to regain lost ground in the region, and is firmly putting itself on America's side. Turkmenistan has chosen neutrality and isolation. Uzbekistan quit the CIS collective security treaty in 1999, and Turkmenistan refused to join in the first place. The others have been keen to be friends with America, Russia and China all at once.

Kirgizstan has been particularly good at covering its back. It has an American military base on its territory and will soon host a Russian one, and has conducted military exercises with the Chinese. Two regional anti-terrorist centres are based in Bishkek. "Our army is multinational," jokes Chinara Jakypova of the Institute for War and Peace Reporting in Bishkek. "It receives clothes from Russia, food from China and communication equipment from the United States."

Throughout the region, security relies mainly on bilateral arrangements. Since the war in Afghanistan, America has been maintaining military bases in Kirgizstan and Uzbekistan. It also provides non-lethal military assistance and training to most of the Central Asian countries and is supporting anti-drugs programmes and anti-terrorist measures.

AP



Jiang Zemin and Vladimir Putin, centre, meet Central Asia's big guns

The Russians have been eager to gain more of a presence in their traditional back yard, and some analysts think their influence is bound to increase, not only for geographical reasons but also because of historical and cultural links. Tajikistan's borders are still guarded by Russian units, and a new Russian military base is to open in Kirgizstan this autumn. China's security interest in the region is influenced by the problems with its own Uighur separatists in western China, and is focused on border control and anti-terrorism.

Don't overdo it

All this interest from big powers, however, has sparked fears that they might one day compete with each other in the region. In a speech at the annual meeting of the European Bank for Reconstruction and Development, Uzbekistan's President Karimov pleaded that: "Central Asia should not become the place for geopolitical competition and the formation of military-political blocks."

This is a particular worry for the smaller countries such as Kirgizstan, which is surrounded by giants. So far, says Muratbek Imanaliev, a former Kirgiz foreign minister, America's and Russia's interests in the region have been closely aligned because they are both committed to fighting terrorism. And for the moment, the international interest in the region, besides resulting in military assistance, has helpfully translated into more aid money and debt rescheduling for its poorer countries. But if this were to change, the region could once again find itself at the centre of a new Great Game.

The main responsibility for continued stability in Central Asia, however, lies with its own leaders. Hence the pressure from the West to improve human rights and promote the development of civil society and a free press. All this amounts to a cultural revolution for regional leaders who, true to their Soviet training, continue to believe that stability is achieved through control. Such control comes in varying shades, from blunt repression in Uzbekistan and Turkmenistan to more subtle legal guerrilla warfare in Kazakhstan and Kirgizstan, but everywhere the mix includes rigged elections. Some of the methods may differ, but the philosophy is the same. By refusing to modernise, the region's leaders are undermining the very stability they are so anxious to maintain.

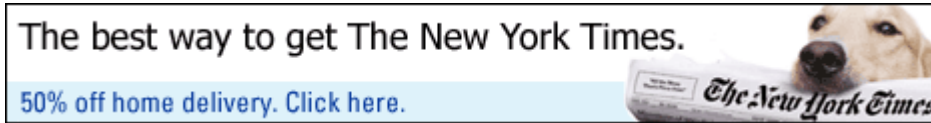
So what are the prospects for Central Asia? The best hope is that the next generation of leaders will be compromise candidates acceptable to both the outgoing presidents and to the opposition. Such a gradual transition would allow time for the system to be genuinely reformed and for the opposition to get into shape before democratic elections are held. This could well happen in Kazakhstan, and possibly in Kirgizstan too. Both countries have introduced useful economic reforms, but to make these fully effective they also need to separate political power and business interests, free their press and make their courts more independent.

In Turkmenistan and Uzbekistan, this sort of gradual change could be a long time coming, and require another interim generation of leaders. Alternatively, change could come much more abruptly, perhaps violently, as

foreshadowed by an alleged assassination attempt on Turkmenistan's president last November. And in Tajikistan the civil war is likely to take a while longer to get over before the country feels it can afford a real opposition.

Governments in the region often complain that the West expects too much, too fast. But if they move too slowly, frustration among their own people could play havoc with their leisurely timetable.

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